

Approved March 8, 1989
Date

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by Representative Vernon L. Williams at
Chairperson

8:05 a.m. ~~8:00~~ on March 1, 1989 in room 521-S of the Capitol.

All members were present except:

Rep. J. C. Long - Excused
Rep. Barbara Allen - Excused
Rep. Norman Justice - Excused

Committee staff present:

Gordon Self - Revisor's Office
Mary Meier - Committee Secretary
Jack Hawn, KPERS
Marshall Crowther, KPERS

Conferees appearing before the committee:

Hearing opened on HB 2405.

Craig Grant, KNEA, appeared in support of the bill (See Attachment 1).
Marshall Crowther, KPERS, appeared to give background information, commenting briefly.

Chairman Williams asked for discussion and questions on HB-2405; there being none, the hearing on HB-2405 was declared closed.

Heaering opened on HB-2410.

Marshall Crowther, KPERS, appeared to give background information on HB-2410.

Chuck Stuart, United School Administrators, appeared as a proponent of HB-2410. (See Attachment 2).

Craig Grant, KNEA, appeared as a proponent of HB 2410. (See Attachment 3).

Johnson County Commission did not appear, but submitted a written statement in opposition to HB-2410. (See Attachment 4).

There were no questions or discussion on HB-2410.

Hearing on HB-2410 was declared closed.

Chairman Williams announced that action on HB-2078 and HB-2148 would be postponed to a later meeting.

Chairman Williams requested action on HB-2405 and HB-2410. Representative Wisdom MOVED that HB 2405 and HB-2410 be passed. Representative Wilbert SECONDED the motion. There was no discussion. The Motion passed unanimously.

The meeting adjourned at 8:22 A.M.

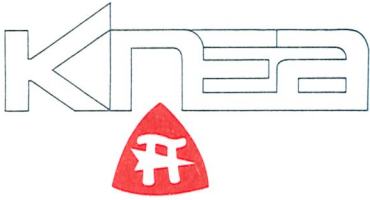


Representative Vernon L. Williams
Chairman

3-12

Please PRINT Name, Address, the organization you represent, and the Number of the Bill in which you are interested. Thank you.

| NAME | ADDRESS | ORGANIZATION | BILL NO. |
|-------------------|----------|--------------|------------|
| Terry Muffe | Topeka | Howy Palace | 2405, 2410 |
| James A. Ladd | Wichita | RS 77A | " " |
| Harold Pitts | Topeka | KRTA | |
| Basil Covey | Topeka | KRTA | |
| Craig Grant | Topeka | K-NEA | |
| Charles L. Stuart | Topeka | USA | |
| Norm Wilkes | WEEK | KASB | |
| Dr. Josselyn | Lawrence | KU | |



Craig Grant Testimony Before The
House Pensions, Investment & Benefits Committee
Wednesday, March 1, 1989

Thank you, Mr. Chairman. I am Craig Grant and I represent Kansas-NEA. I appreciate this opportunity to visit with the committee about HB 2405.

I will only talk about the changes on page 2, lines 48 through 56. Kansas-NEA supports these changes as we believe that if a person chooses to work beyond age 70 or 75, and we realize that few do in our schools, that person, if he or she becomes disabled, should receive some disability benefits for a certain brief period of time. After that time the individual can go on regular retirement. This would give the individual and his or her family time to plan for the future and still receive some disability.

For the above reasons, Kansas-NEA supports HB 2405. Thank you for listening to our concerns.

HOUSE COMMITTEE ON PENSIONS,
INVESTMENTS AND BENEFITS

March 1, 1989

Attachment #1



HB 2410

Testimony presented before the House Committee on
Pensions, Investments and Benefits
by Charles L. Stuart, Legislative Liaison
United School Administrators of Kansas

March 1, 1989

Mister Chairman and members of the committee:

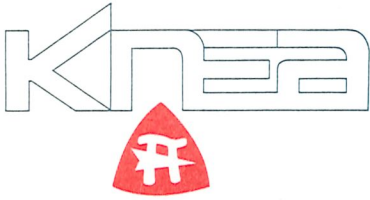
The United School Administrators of Kansas supports HB 2410. Since the 4% contribution to KPERS includes all income under 403B, 457, and 125 of the federal revenue code of 1986, it is only logical that compensation received as salary through these plans should be included in considering final average salary for retirement purposes.

CLS/ed

HOUSE COMMITTEE ON PENSIONS, IN-
VESTMENTS AND BENEFITS

March 1, 1989

Attachment 2



Craig Grant Testimony Before The
House Pensions & Investments Committee
Wednesday, March 1, 1989

Thank you, Mr. Chairman. I am Craig Grant and I represent Kansas-NEA. I appreciate this opportunity to visit with the committee about HB 2410.

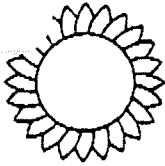
Kansas-NEA supports HB 2410 as we then can have consistency in the way salaries are reported. With many of our teacher groups participating in section 125 plans, we have had problems with the method that wages are reported by the district offices. If the 125 money used for insurance is not counted, many of our teachers near retirement are tempted to take cash rather than insurance to get a higher average salary on which to figure retirement. This means often they are unprotected in the insurance areas, an undesirable situation.

Kansas-NEA supports the change in HB 2410 as one which standardizes our method of reporting wages. Thank you for listening to our concerns.

HOUSE COMMITTEE ON PENSIONS, INVESTMENTS
AND BENEFITS

March 1, 1989

Attachment #3



**Johnson County
Kansas**

February 28, 1989

TO: Vern Williams, Chairman
House Pensions, Investments & Benefits Committee

FROM: Richard B. Chesney, Deputy County Administrator
Johnson County Board of County Commissioners

RE: House Bill No. 2410

Paragraph 9 of Section 1 of this bill provides for the inclusion of Section 125 benefit cost in compensation for the calculation of KPERS contributions. Johnson County opposes this for the following reasons:

1. For the first time the expense of employer provided health care benefits are to be included in compensation for KPERS calculations.
2. This provision is discriminatory in that it does not treat health care cost in non-Section 125 plans as compensation subject to KPERS contribution.
3. The County's cost of this provision based on 1989 KPERS employer rate of 2% is \$49,970; this will increase with increases in health insurance premiums and KPERS contribution rates which is scheduled to increase 30% to 2.6% in 1990.
4. The increased cost to the employee is \$99,940 at current rates. This will also increase with increases in insurance premiums.
5. KPERS' representatives have said that this provision is necessary because employees will elect cash options in their last four years of employment so as to increase their final average salary. There is no evidence our employees are doing so. Less than 2% of our employees in the age group 55-65 select a cash option. We believe a proper answer to this concern is to prohibit the inclusion of Section 125 cash options as compensation.

Thank you for your interest and consideration of our position. The Johnson County Commission urges the Committee to vote against House Bill No. 2410.

HOUSE COMMITTEE ON PENSION
INVESTMENTS AND BENEFITS

March 1, 1989

Sincerely,

Richard B. Chesney
Richard B. Chesney

Deputy County Administrator

Attachment #4

RBC:dlt